



Activity Review

North Carolina State Board of Certified Public Accountant Examiners

1101 Oberlin Road, Suite 104, Post Office Box 12827, Raleigh, NC 27605-2827 (919) 733-4222 No. 7 2001

150 SEMESTER HOURS OF EDUCATION NOT REQUIRED TO SIT FOR UNIFORM CPA EXAM

On January 1, 2001, the Board's amended definition of a concentration in accounting took effect for applicants for the Uniform CPA Examination.

Robert N. Brooks, Executive Director of the Board, says, "Despite the Board's efforts to make sure potential candidates are aware of the education requirements for sitting for the Uniform CPA Exam, there continues to be confusion regarding this issue."

"Effective with the May 2001 Uniform CPA Exam, an applicant must have 30 semester hours in accounting and a bachelors or higher degree to be eligible to sit for the exam," explains Brooks.

Continues Brooks, "Although the Board's web site and past issues of the *Activity Review* contain information about the requirements for sitting for the exam, a significant number of individuals believe that the 150-semester hour education requirement applies to exam applicants."

"The 150-semester hour education requirement applies only to those individuals applying for licensure as CPAs in North Carolina."

Pursuant to 21 NCAC 8A .0309, a

concentration in accounting is defined as at least 30 semester hours, or the equivalent in quarter hours, of undergraduate accountancy courses which includes no more than six semester hours of accounting principles and no more than three semester hours of business law; or at least 20 semester hours or the equivalent in quarter hours, of graduate accounting courses that are open exclusively to graduate students; or a combination of undergraduate and graduate courses which would be equivalent to the above."

Prior to January 1, 2001, a concentration in accounting was defined as 24 semester hours, or the equivalent in quarter hours, of undergraduate accountancy courses.

Accounting courses include such courses as principles courses at the elementary, intermediate and advanced levels; managerial accounting; business law; cost accounting; fund accounting; auditing; and taxation.

Although there are many college courses such as business finance, business management, computer science, economics, writing skills, accounting internships, and CPA exam review that would be helpful in the practice of

accountancy, these courses are not included in the definition of a concentration in accounting.

An initial applicant who does not possess 30 semester hours or the equivalent, may sit for the exam if he or she is enrolled in sufficient courses to successfully meet the education requirement within 120 days of the exam for which he or she is approved to sit.

A re-exam applicant who has conditional credit pursuant to 21 NCAC 8F .0105 may continue to sit for the

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Consent Orders

Tom D. Eilers, #4136
Cary, NC 6/25/01

THIS CAUSE, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to NCGS 150B-41 and 150B-22, the Board and Respondent stipulate the following Findings:

1. Respondent is the holder of North Carolina certificate number 4136 as a Certified Public Accountant.
2. Respondent deposited into Respondent's personal accounts substantial funds belonging to the client. At the request of that client, Respondent advised the bank at which the funds were on deposit to transfer those funds to another account controlled by the client, knowing that the funds were to be transferred to a foreign account. At the time the client requested the transfer, the funds were subject to a Temporary Restraining Order and Preliminary Injunction, although those orders were dissolved prior to the actual transfer of the funds. Respondent was aware that the transfer was potentially inappropriate and should have been aware that the client's request to transfer these funds was an attempt to avoid the terms of the restraining order and the injunction.
3. Respondent has not previously been found to have violated any of the Rules of Professional Ethics and Conduct promulgated and adopted by the Board. The United States Attorney did not seek an indictment against Respondent in this matter concerning his client.
4. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Order with the Board *ex parte*, whether or not the Board accepts this Order as written.

BASED UPON THE FOREGOING, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.
2. Respondent's actions as set out above constitute violations of NCGS 93-12(9)e, and 21 NCAC 8N .0201 and .0203.

BASED ON THE FOREGOING and in lieu of further proceedings under 21 NCAC Chapter 8C, the Board and Respondent agree to the following Order:

1. The Certified Public Accountant certificate issued to Respondent, Tom D. Eilers, is suspended for a period of three (3) years.
2. If Respondent returns his suspended certificate within fifteen (15) days of the receipt of this Order, Respondent can, after three (3) years, apply to return his certificate to active status by submission and approval of a reinstatement application which includes:
 - a. Application form,
 - b. Payment of the application fee,
 - c. Three moral character affidavits, and
 - d. Proof of completion of 40 hours of CPE in the 12 months preceding the application including an eight-hour accountancy law course pursuant to 21 NCAC 8F .0504.
3. If Respondent returns his suspended certificate in excess of fifteen (15) days of the receipt of this Order, Respondent can, after three (3) years plus the number of days that his certificate is late in being returned, apply to return his certificate to active status by submission and approval of a reinstatement application which includes:
 - a. Application form,
 - b. Payment of the application fee,
 - c. Three moral character affidavits (on forms provided by Board),

- d. Proof of completion of 40 hours of CPE in the 12 months preceding the application including an eight-hour accountancy law course pursuant to 21 NCAC 8F .0504, and
- e. A signed Consent Order requiring payment of at least \$100.00 in administrative costs.

Robin C. Woodlief, #16078
Knightdale, NC 6/25/01

THIS CAUSE, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to NCGS 150B-41 and 150B-22, the Board and Respondent stipulate the following Findings:

1. Respondent is the holder of North Carolina certificate number 16078 as a Certified Public Accountant.
2. In May of 2000, Respondent requested an extension to June 30, 2000, to complete her 1999 continuing professional education (CPE) hours.
3. In June of 2000, Board staff notified Respondent that her request for an extension was denied by the Board's Professional Education and Applications Committee.
4. In this same letter, Board staff informed Respondent that, in order to renew her certificate, she must complete any additional hours needed by June 30, 2000, and that she would "probably" receive a conditional license pursuant to 21 NCAC 8G .0406(b).
5. In September of 2000, Board staff notified Respondent that her license had been placed on conditional status until September 21, 2001, because she had completed some of the required 1999 CPE hours between January 1 and June 30, 2000.
6. With the September 2000, letter, Board staff sent and requested that Respondent complete and return a 1999 Report of Continuing Professional Education.

7. On this Report, Respondent noted 30 hours of CPE taken in 1999, eight hours of CPE taken in June of 2000, and two hours of CPE taken in September of 2000.

8. In a letter accompanying the Report, Respondent explained that in preparing the Report she had discovered that a course she had believed to qualify for eight hours of CPE only qualified for six hours. She, therefore, completed a two-hour course on September 14, 2000 and requested that she be allowed to use that class to meet her 1999 CPE requirement.

9. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Order with the Board *ex parte*, whether or not the Board accepts this Order as written.

BASED UPON THE FOREGOING, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.

2. Respondent's actions as set out above constitute violations of NCGS 93-12(8b)a, 93-12(9)c, and 93-12(9)e, and 21 NCAC 8J. 0101(b), 8N .0202(a), .0202(b)(3), .0202(b)(4), and .0203(b)(1).

BASED ON THE FOREGOING and in lieu of further proceedings under 21 NCAC Chapter 8C, the Board and Respondent agree to the following Order:

1. Respondent's application for 2000-2001 renewal is insufficient and untimely under NCGS 150B-3(a). Hence, her certificate is automatically forfeited pursuant to NCGS 93-12(8b).

2. Respondent must return her forfeited certificate to the Board with this signed Consent Order.

3. Respondent may not apply for the reinstatement of her certificate for

ninety (90) days from the date this Order is approved by the Board and until the civil penalty required in number five (5) of this Order has been paid by Respondent.

4. Respondent may apply to return her certificate to active status by submission and approval of a reinstatement application which includes:

- a. Application form,
- b. Payment of the application fee,
- c. Three moral character affidavits, and

d. Forty hours of CPE in the 12 months preceding the application including an eight-hour accountancy law course as offered by the North Carolina Association of CPAs in a group study format.

5. Respondent shall pay a one thousand dollar (\$1,000.00) civil penalty to be remitted within six months of the date this signed Order is accepted by the Board.

6. Before November 1, 2001, Respondent must obtain 20 additional hours of CPE which cannot be used in meeting the 40 hour CPE requirement for reinstatement or the 2001 CPE requirement to be used for the 2002-2003 certificate renewal.

7. Respondent agrees that failure to timely comply with any terms of this agreement and consent order shall be deemed sufficient grounds for revocation of her license.

Name Not Published

THIS CAUSE, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to NCGS 150B-41 and 150B-22, the Board and Respondent stipulate the following Findings:

1. Respondent is the holder of a North Carolina certificate as a Certified Public Accountant.

2. Respondent was selected for an audit of 1999 continuing professional education (CPE). Respondent's certificate renewal and CPE audit information were mailed on April 28, 2000, for

response by May 31, 2000. This mailing was sent via first class mail to Respondent's last known home address.

3. Respondent's certificate renewal was received via facsimile by the Board office at 6:28 p.m. on August 2, 2000, but did not include any information regarding the CPE audit.

4. On October 18, 2000, Board staff sent a letter via certified/return receipt mail to Respondent's last known home address requesting that Respondent provide the previously requested CPE audit information by November 3, 2000. The return receipt card was signed on October 30, 2000, by an "agent" for Respondent.

5. On November 15, 2000, and again on December 8, Board staff left telephone voice mail messages requesting that Respondent provide the CPE audit information. Board staff left the messages at the last known business telephone number that Respondent had provided to the Board.

6. On December 22, 2000, the Board's Executive Director telephoned Respondent at the last known business telephone number that Respondent had provided to the Board. Respondent gave numerous reasons for his failure to respond to Board inquiries including his misplacement of some of his CPE certificates of completion. The Executive Director requested that Respondent deliver the requested CPE audit information to the Board office on or before January 5, 2001.

7. On January 5, 2001, the Board office received certificates of completion and a cover letter from Respondent. In his cover letter, Respondent acknowledged that he was "a bit late in responding" to the Board's inquiries. He further stated that his reason for not responding was the fact that he had "been busy with other things and had not put much thought into locating" his certificates of completion.

8. Board staff reviewed the certificates of completion and determined

Consent Order
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Reclassifications

Inactive

“Inactive,” when used to refer to the status of a person, describes one who has requested inactive status and been approved by the Board and who does not use the title “certified public accountant” nor does he or she allow anyone to refer to him or her as a “certified public accountant” and neither he or she nor anyone else refers to him or her in any representation as described in 21 NCAC 8A .0308(b) [21 NCAC 8A .0301(b)(23)].

05/24/01	Woodrow Nail, Jr. - Charlotte, NC	06/18/01	Beth A. Soukup - Matthews, NC
05/24/01	Jeanine Marie Brelsford - Mooresville, NC	06/18/01	Mark Ray Eanes - Greensboro, NC
05/25/01	Shannon Keeley Holt - Kingsport, TN	06/18/01	Suzanne Spicer LaSpaluto - Apex, NC
05/29/01	Margaret Kenny Leinbach - Charlotte, NC	06/18/01	Karen Crist Jones - Charlotte, NC
05/29/01	Kirk Alan Port - Raleigh, NC	06/18/01	Amy Black Sharkey - Corning, NY
05/29/01	Cameron Willett Vaughn - Columbia, SC	06/20/01	Ginger Shelton Missert - Mooresville, NC
05/30/01	Rebecca N. Steadman - Raleigh, NC	06/20/01	Harold C. Clark, Jr. - Greenville, SC
05/30/01	Jeannette Love Dye - Charlotte, NC	06/21/01	Shelley Alstatt Gupton - Wilmington, NC
05/30/01	Charles Daniel Sandlin - Chatsworth, GA	06/21/01	Cynthia Little Booth - Boulder, CO
05/30/01	Carolyn Dolci - Springfield, NJ	06/21/01	Karen Anne Fourspring - Greer, SC
05/31/01	Francis G. Jonas - Charlotte, NC	06/21/01	Eric Michael Lynch - Simpsonville, SC
05/31/01	Rei-Rung Rachel Hsu - San Francisco, CA	06/22/01	Juan Keith Carroll - Raleigh, NC
06/01/01	Meyer Drucker - Spartanburg, SC	06/22/01	Philip Alan Loseke - Garner, NC
06/01/01	Laura Roberts Smith - Kathleen, GA	06/25/01	William Bowen Curlee - Encino, CA
06/04/01	William Harvey Price, Jr. - Shallotte, NC	06/25/01	Melanie Sneed Shepard - Wilmington, NC
06/04/01	Alphonso James Early, III - Charlotte, NC	06/26/01	Gerald Wayne Bass - Charlotte, NC
06/04/01	Dawn Leonard Robertson - Raleigh, NC	06/26/01	Dexter Thomas Laughlin - Winston-Salem, NC
06/04/01	Shari Anna Walker - Wake Forest, NC	06/26/01	Holly Cea Powell - Mount Pleasant, SC
06/04/01	Laura Adkins Jewett - Ann Arbor, MI	06/27/01	Paul Barber White - Raleigh, NC
06/04/01	Susan Rothe Arnold - Raleigh, NC	06/27/01	Herbert Doyle Smith - Canton, OH
06/06/01	Cheryl Palmieri Connolly - Rocky Mount, NC	06/27/01	Sara Lancaster Zalzneck - Rocky Mount, NC
06/06/01	Holly Malinda Parr - Greensboro, NC	06/27/01	Michael Brian Bright - Apex, NC
06/08/01	Jeffrey Owens - Raleigh, NC	06/28/01	Richard Moore Warren - Greensboro, NC
06/08/01	Amy Keistler Marshall - Raleigh, NC	06/28/01	Leslie Isaac Prillman, Jr. - Chesapeake, VA
06/08/01	Natalie Rafalsky Denton - Charlotte, NC	06/28/01	Kimrey Armstrong Hilton - Apopka, FL
06/08/01	Owen DeCliff Griffin - Chesapeake, VA	06/28/01	Glenn Alonzo Richardson - Perth Amboy, NJ
06/08/01	Stephen Todd Boone - Altamonte Springs, FL	06/29/01	F. William Miller - Ft. Lauderdale, FL
06/08/01	Amanda M. Hupfeld - Charlotte, NC	06/29/01	Harold Prince Nunn - Apex, NC
06/12/01	George Philip Bunn - Raleigh, NC	06/29/01	Ray Allen Lyles - Chapel Hill, NC
06/12/01	Larry Stephen Coffield - Matthews, NC	06/29/01	Timothy Frances Liston - Pompano Beach, FL
06/12/01	Neida Sue Perrie - Smyrna, GA	06/29/01	Ann Louise Rathbun - Raleigh, NC
06/12/01	William Charles Marquardt - High Point, NC	06/29/01	Elizabeth Ann Perez - Raleigh, NC
06/13/01	Christopher R. Simmons - Raleigh, NC	06/29/01	Elizabeth Leigh Cotton - Charlotte, NC
06/13/01	Stephanie B. Spencer - West Jefferson, NC	06/29/01	Valerie Eileen Jarrett - Sanford, NC
06/13/01	David Bryan Nell - Cary, NC	06/29/01	Tymesia Somers Ballard - Reidsville, NC
06/14/01	Linda A. Faulk - Augusta, GA	06/29/01	Elaine Williams Garrison - Charlotte, NC
06/18/01	Lloyd Thomas Wood, Jr. - Rutherfordton, NC	06/29/01	Debra Parrott Green - Oxford, NC
06/18/01	Richard Hunter Haywood - Raleigh, NC	06/29/01	Whitney Morgan Stone - Jackson, MS
06/18/01	Ronald Barbee - Cary, NC	06/29/01	Beth Saunders Ammons - Raleigh, NC
06/18/01	Joseph Dixon Mayo, III - Asheville, NC	06/29/01	Janet Rose Clancy - Sammamish, WA
06/18/01	Michael Gene Craft - Nashville, TN	06/29/01	Brian Scott Masterson - Chapel Hill NC
06/18/01	Shoon Ledyard - Charlotte, NC	06/29/01	Merri-Lou Morehead - Holland, MI

Requirements *continued from front*

exam with 24 semester hours of accounting as long as the conditional credit is valid (six consecutive administrations of the exam).

A re-exam applicant who previously sat as a North Carolina candidate but who does not have conditional credit must have at least 30 semester hours of accounting coursework as defined by 21 NCAC 8A .0309.

Remember, individuals do not need to meet the 150 semester hour education requirement to apply to sit for the Uniform CPA Exam.

In addition to meeting the education requirements, an exam applicant must be a citizen of the United States, declare the intention of becoming a citizen, be a resident alien, or be a citizen of a foreign jurisdiction which extends similar privileges to be examined; be at least 18 years of age; and be of moral character.

For more information regarding the Uniform CPA Examination, please contact Judith Macomber or Phyllis Elliott by telephone at (919) 733-4224. Applications for the November 2001 exam, are available on the Board's web site (www.state.nc.us/cpabd).

Certificates Issued

The following applications for certification were approved at the June 25, 2001, Board meeting:

James C. Bales
Ann G. Ellis
William Kelly Nicrosi, II
Eldon Jay Vincent

Comments?

Do you have questions or comments about the *Activity Review*? If so, please contact Lisa R. Hearne, Communications Manager, by telephone at (919) 733-4208 or by e-mail at (lhearn@bellsouth.net).

Board Orders

Ronald F. Finger, #9231
Lincolnton, NC 4/23/01

THIS CAUSE coming before the Board on April 23, 2001, at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present, the Board finds, based on the clear and convincing evidence presented, that:

FINDINGS OF FACT

1. Ronald F. Finger is the holder of a certificate as a Certified Public Accountant in North Carolina and is therefore subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.

2. In June of 1997, the Board placed Ronald F. Finger's certificate on conditional status for one year and fined him a \$100.00 civil penalty because he failed to timely obtain a State Quality Review (SQR) in accordance with provisions as required by NCGS 93-12(8c) and 21 NCAC 8M .0102.

3. Again in 2000, Ronald F. Finger failed to timely obtain an SQR in accordance with provisions as required by NCGS 93-12(8c) and 21 NCAC 8M .0102.

4. Ronald F. Finger subsequently completed his SQR and has provided documentation to the Board that his SQR was completed less than sixty (60) days from the required completion date.

CONCLUSIONS OF LAW

1. Ronald F. Finger's failure to timely obtain an SQR prior to the prescribed completion date is a violation of NCGS 93-12(8c) and 21 NCAC 8M .0102.

BASED ON THE FOREGOING, the Board orders that:

1. Within one hundred twenty (120)

days of the date of this Order, Ronald F. Finger shall complete and provide verification of the completion of the eight (8) hour accountancy law course provided in a group study format by the North Carolina Association of CPAs (NCACPA) which may not be included in Ronald F. Finger's annual forty (40) hour CPE requirement for 2001.

2. Ronald F. Finger's certificate shall be placed on conditional status for one year from the date this Order is approved.

Amelia R. Nemeth, #19525
Mooreville, NC 4/23/01

THIS CAUSE coming before the Board on April 23, 2001, at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present, the Board finds, based on the clear and convincing evidence presented, that:

FINDINGS OF FACT

1. Amelia R. Nemeth is the holder of a certificate as a Certified Public Accountant in North Carolina and is therefore subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.

2. Amelia R. Nemeth failed to timely obtain a State Quality Review (SQR) in accordance with provisions as required by NCGS 93-12 (8c) and 21 NCAC 8M .0102.

3. Amelia R. Nemeth subsequently provided documentation to the Board that her SQR was completed in excess of 60 days but not more than 120 days from the required completion date.

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CONCLUSIONS OF LAW

1. Amelia R. Nemeth's failure to timely obtain a SQR prior to the prescribed completion date is a violation of NCGS 93-12 (8c) and 21 NCAC 8M .0102.

BASED ON THE FOREGOING, the Board orders that:

1. Amelia R. Nemeth shall pay a one hundred dollar (\$100.00) civil penalty.
2. Amelia R. Nemeth's certificate shall be placed on conditional status for one year from the date this Order is approved.

Debora B. Wentz, #15325
Newton, NC 4/23/01

THIS CAUSE coming before the Board on April 23, 2001 at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present, the Board finds, based on the clear and convincing evidence presented, that:

FINDINGS OF FACT

1. Debora B. Wentz is the holder of a certificate as a Certified Public Accountant in North Carolina and is therefore subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.
2. In March of 1998, the Board placed Debora B. Wentz's certificate on conditional status for one year because she failed to timely obtain a State Quality Review (SQR) in accordance with provisions as required by NCGS 93-12(8c) and 21 NCAC 8M .0102.
3. Again in 2000, Debora B. Wentz failed to timely obtain an SQR in accordance with provisions as required

by NCGS 93-12(8c) and 21 NCAC 8M .0102.

4. Debora B. Wentz subsequently completed her SQR and has provided documentation to the Board that her SQR was completed less than sixty (60) days from the required completion date.

CONCLUSIONS OF LAW

1. Debora B. Wentz's failure to timely obtain a SQR prior to the prescribed completion date is a violation of NCGS 93-12 (8c) and 21 NCAC 8M .0102.

BASED ON THE FOREGOING, the Board orders that:

1. Within one hundred twenty (120) days of the date of this Order, Debora B. Wentz shall complete and provide verification of the completion of the eight (8) hour accountancy law course provided in a group study format by the North Carolina Association of CPAs (NCACPA) which may not be included in Debora B. Wentz's annual forty (40) hour CPE requirement for 2001.
2. Debora B. Wentz's certificate shall be placed on conditional status for one year from the date this Order is approved.

Board Meetings

August 20
September 18
October 22
November 19
December 18

All Board meetings are held at the Board's offices and are open to the public. However, under State law, some portions of the meetings are closed to the public. If you wish to address the Board on a specific issue, please contact the Board's Executive Director, Robert N. Brooks, by telephone at (919) 733-4222.

Address Changed?

Pursuant to 21 NCAC 8J .0107, all North Carolina CPAs and CPA firms must notify the Board, in writing, within 30 days of any change of address or business location.

For your convenience, a "Notice of Address Change" form is printed on the back cover of each issue of the *Activity Review*.

Licensees should mail or fax the change(s) to Alice Steckenrider. Changes may also be e-mailed to (alicegst@bellsouth.net).

CPA firms should mail or fax or the change(s) to Lynn Wyatt. Changes may also be e-mailed to (lynnwyat@bellsouth.net).

Although the rule does not specifically refer to exam candidates, successful and unsuccessful exam candidates should also notify the Board of any address changes.

Exam candidates should mail or fax the change(s) to the Examinations staff. Changes may also be e-mailed to (pwelliott@bellsouth.net) or (jmacombe@bellsouth.net).

Reclassifications

Retired

"Retired," when used to refer to the status of a person, describes one possessing a North Carolina certificate of qualification who verifies to the Board that the applicant does not receive or intend to receive in the future any earned compensation for current personal services in any job whatsoever and will not return to active status [21 NCAC 8A .0301(b)(23)].

Ralph S. Davis, Jr. -
Knoxville, TN

Robert Keen Floyd -
Danville, VA

Philip Wiley Hutchings, Jr. -
Durham, NC

ASB Releases Exposure Draft on Proposed Statement on Auditing Standards

On June 27, 2001, the Auditing Standards Board (ASB) of the American Institute of CPAs (AICPA) released for comment an Exposure Draft which includes a proposed Statement on Auditing Standards (SAS) that will replace SAS No. 41, *Working Papers*.

This proposed SAS is significantly more specific than SAS No. 41. Among other things, it will provide a framework within which the auditor can exercise professional judgment in determining the nature and extent of audit documentation needed to comply with professional standards. The proposed standard

- uses the term *audit documentation* in place of *working papers*;
- reminds auditors that inspection procedures, as described in Statement of Quality Control Standards No. 3, *Monitoring a CPA Firm's Accounting and Auditing Practice* (AICPA, *Professional Standards*, vol. 2, QC sec. 30), may be used to evaluate the extent of a firm's compliance with its quality control policies and procedures and that review of audit documentation is an inspection procedure;
- incorporates the current requirement in SAS No. 22, *Planning and Supervision* (AICPA, *Professional Standards*, vol. 1, AU sec. 311), for a written audit program (or set of audit programs) for every audit;
- introduces the concept that audit documentation should (a) enable a reviewer with relevant knowledge and experience to understand from the information contained therein the nature, timing, extent, and results of auditing procedures performed, and the evidence obtained, and (b) indicate the engagement team member(s) who performed and reviewed the work;
- Lists factors that the auditor should consider in determining the nature and extent of the audit documentation to be prepared for a particular audit area or auditing procedure;

- requires audit documentation to include an identification of the items tested and, where appropriate, abstracts or copies of documents such as significant contracts or agreements. for auditing procedures that involve inspection of documents or confirmation of balances (In a current standards-setting project, the ASB is considering documentation requirements for other types of auditing procedures.);

- requires documentation of audit findings or issues that in the auditor's judgment are significant, actions taken to address them, and the basis for the conclusions reached. The proposed Statement includes a list of types of significant audit findings and issues; and

- requires the auditor to adopt reasonable procedures to prevent unauthorized access to the audit documentation.

In addition to the proposed audit documentation SAS, the Exposure Draft includes proposed amendments adding specific documentation requirements to several other SASs as well as a proposed amendment to Statement on Standards for Attestation Engagements No. 10, *Attestation Standards: Revision and Recodification* to incorporate into the attestation standards the concepts and terminology in the proposed audit documentation SAS.

The Exposure Draft is available for download from the AICPA's web site (www.aicpa.org)

Comments on the Exposure Draft should be sent to Gretchen Fischbach, Audit and Attest Standards, File 1861, AICPA, 1211 Avenue of the Americas, New York, NY 10036-8775, in time to be received by August 27, 2001.

Responses may also be sent by e-mail to (gfischbach@aicpa.org).

www.state.nc.us/cpabd

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that the certificates verified the CPE claimed by Respondent for 1999.

9. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Order with the Board *ex parte*, whether or not the Board accepts this Order as written.

BASED UPON THE FOREGOING, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.
2. Respondent's actions as set out above constitute violations of NCGS 93-12(9)e and 21 NCAC 8N .0206.

BASED ON THE FOREGOING and in lieu of further proceedings under 21 NCAC Chapter 8C, the Board and Respondent agree to the following Order:

1. Respondent shall receive an unpublished reprimand.

November Exam Application Deadlines

Application deadlines for the November 2001 Uniform CPA Examination are as follows:

Initial exam applicants
July 31, 2001

Re-exam applicants
August 31, 2001

Your complete application must be postmarked or received in the Board office before the appropriate deadline.

To obtain an exam application, call the Board's toll-free application line (1-800-211-7930) or visit the Board's web site (www.state.nc.us/cpabd).

State Board of CPA Examiners

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